

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 990 - HB 1364

March 28, 2021

SUMMARY OF BILL: Prohibits the state and any county or municipality from collecting taxes and fees against an entity engaged in business with the public, if an order from the state, municipality, or county required the entity to cease operations in part or completely and the entity complied with the order and thereby experienced a loss of revenue. This prohibition of collection applies to the time period in which the order was in place. Requires the entity that has complied with the order to file proof of the loss of revenue with the agency that sends a collection notice within 60 days of receiving the notice of assessment, collection, or recovery.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – In the event that such orders remain in effect within 60 days of this legislation becoming effective, or in the event that future orders are issued there may be a decrease in state revenue exceeding \$145,100,000 for various state funds from various sources.

Furthermore, an additional estimated decrease in local revenue as a result of the proposed legislation is considered to be incalculable, but is estimated to be an amount exceeding \$3,557,406,300 to various counties and municipalities.

Assumptions:

- It is assumed that the proposed legislation will go into effect July 1, 2021.
- There are currently no state-wide mandates requiring any entities to cease operations in part or completely. It is estimated that there will be no state-wide mandates put in place between now and July 1, 2021; therefore, any loss of revenue from tax assessments or collections from the state are estimated to be not significant.
- As of March 13, 2021, there are restrictions on certain businesses including but not limited to: restaurants, gyms, bars, salons, and retail establishments. Should these orders remain in place until May 2, 2021 (60 days prior to July 1, 2021), then tax collections from those effected entities could be impacted.
- The exact timing of when these orders will be altered or removed is unknown. Furthermore, any future orders are also considered to be unknown.

- Based on information provided by the Department of Revenue, state tax collections in an amount of \$145,100,000 could be considered for return to these businesses, with an additional \$40,400,000 liable from local taxes collected by the state.
- Various additional state fee revenue could also be impacted; however, a precise estimate cannot be determined; therefore, the total impact on state government revenue is estimated to exceed \$145,100,000.
- One of the largest sources of revenue for the counties and municipalities of Davidson, Hamilton, Knox, and Shelby counties are property taxes.
- Based on information from the Comptroller of the Treasury (COT) and the 2019 Tax Aggregate Report, approximately \$35,170,063,107 was assessed to industrial and commercial entities in these counties.
- The precise amount that might be eligible under the provisions of this legislation is unknown however, at least 10 percent or \$3,517,006,310 in property tax revenue is estimated to be lost by local governments.
- The total potential decrease in local revenue is estimated to exceed \$3,557,406,310 (\$3,517,006,310 + \$40,400,000).
- The number of entities affected by the mandate, who experienced a loss of revenue, would file proof of a loss of revenue as a result of a mandate, and whose claim of proof would be approved is unknown, and is considered incalculable at this time.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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